

VZCZCXYZ0009
PP RUEHWEB

DE RUEHGB #2605 2300608
ZNR UUUUU ZZH
P 170608Z AUG 08
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 8874
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY

UNCLAS BAGHDAD 002605

SIPDIS

E.O. 12958: N/A
TAGS: [ECON](#) [ELAB](#) [IZ](#)
SUBJECT: UNEMPLOYMENT IN FALLUJAH

11. (U) THIS IS AN ANBAR EPRT REPORTING CABLE.

12. (U) SUMMARY: ACCORDING TO THE LOCAL BUSINESS SCHOOL AND THE GOI, FALLUJAH DISTRICT'S 15.9 PERCENT UNEMPLOYMENT RATE IS LOWER THAN EXPECTED, AND MAY REFLECT A NORMALIZING ECONOMY. ON THE OTHER HAND, THE RATE ALSO REFLECTS A 15 PERCENT INCREASE IN LOWER-PAYING AGRICULTURAL WORK IN RURAL AREAS AT THE EXPENSE OF URBAN INDUSTRIAL JOBS. EPRT FALLUJAH HOPES TO HELP ADDRESS THIS IMBALANCE BY PROMOTING PRIVATE SECTOR-ORIENTED UNIVERSITY TRAINING. END SUMMARY.

13. (U) SINCE EARLY MARCH, EPRT FALLUJAH HAS WORKED WITH DR. KHALIL KHALAF JASSAM, DEAN OF THE BUSINESS SCHOOL, AL ANBAR UNIVERSITY FALLUJAH CAMPUS AND HIS FACULTY ON QUANTIFYING THE LEVEL OF UNEMPLOYMENT IN FALLUJAH DISTRICT. ASSISTANT LECTURER, GHAYDAA, SADIQ SALMAN AL-ASWAD, WHO WORKED CLOSELY WITH THE GOI TO GATHER INFORMATION ON THE UNEMPLOYMENT ISSUE, HAS BEEN INSTRUMENTAL IN THE STUDY.

14. (U) FOR THE PURPOSE OF THIS STUDY, THE IRAQIS COMPARE THEIR ECONOMY TO ONE OF A DEVELOPED COUNTRY AND DEFINE UNEMPLOYMENT AS THE "STATUS OF AN INDIVIDUAL WHO IS PRESENTLY OUT OF WORK AND ACTIVELY LOOKING FOR WORK." FALLUJAH DISTRICT CONSISTS OF THE FOLLOWING CITIES AND TOWNS: FALLUJAH CITY, AMIRIYAH-FERRIS, KARMAH, SAQLAWIYAH AND HABBANIYAH TOURIST VILLAGE.

15. (U) BASED ON THEIR PRELIMINARY DATA, FALLUJAH DISTRICT UNEMPLOYMENT WAS 15.9 PERCENT FOR THE FIRST QUARTER CALENDAR QUARTER OF 2008 SUGGESTING A NORMALIZING ECONOMY AND BETTER-THAN-EXPECTED JOB GROWTH. FOR COMPARISON, JORDAN'S UNEMPLOYMENT RATE WAS 13 PERCENT DURING THE LAST QUARTER OF CALENDAR YEAR 2007. GIVEN THIS IS PRELIMINARY DATA, THE FINAL NUMBER WILL LIKELY DIFFER WHEN RELEASED AFTER THE MUSLIM HOLY MONTH OF RAMADAN (SEPTEMBER-OCTOBER 08).

16. (U) ACCORDING TO THE PRELIMINARY STUDY, THOSE BETWEEN THE AGES OF 15 AND 24 YEARS ACCOUNT FOR FIFTY-THREE PERCENT OF THE UNEMPLOYED. MANY YOUNG IRAQIS IN FALLUJAH ARE EITHER OUT OF WORK OR UNDER-EMPLOYED BECAUSE THE EDUCATIONAL SYSTEM HAS FAILED TO PREPARE THEM FOR THE PRIVATE SECTOR. THIS PROBLEM IS MAGNIFIED BY THE FACT THAT IRAQ HAS ONE OF THE WORLD'S YOUNGEST AND FASTEST GROWING POPULATIONS. THE EPRT IS CONCENTRATING EFFORTS AT THE UNIVERSITY LEVEL IN BUILDING CAPACITY TO TRAIN STUDENTS IN BUSINESS AND OTHER PRIVATE SECTOR SKILLS.

17. (U) IN GEOGRAPHIC TERMS, UNEMPLOYMENT RANGES FROM 14.6 PERCENT IN THE RURAL AREAS TO 16.9 PERCENT IN THE URBAN OUTSKIRTS TO 21.5 PERCENT IN THE URBAN CENTERS. DR. KHALID EXPLAINED THE MIGRATION OF WORKERS AND BUSINESSES FROM THE CENTER OF THE CITIES TO THE RURAL AND OUTSKIRTS AREAS DUE TO SECURITY, ACCESS AND JOB GROWTH EXPLAINS THE DIFFERENCE AMONG THE AREAS. THE HIGHEST PERCENTAGE OF PEOPLE WITH INCOME AND NOT WORKING IS IN THE RURAL AREAS AND THAT NUMBER IS FIVE PERCENT, ACCORDING TO GHAYDAA,.

18. (U) IRAQ'S TUMULTUOUS PAST THREE DECADES AND REDUCED RAW MATERIAL IMPORTS DUE TO INTERNATIONAL SANCTIONS HAVE NEGATIVELY IMPACTED THE AREA, SHIFTING JOBS FROM INDUSTRY AND MANUFACTURING TO LOWER PAYING AGRICULTURE, ACCORDING TO DR. KHALID. AS A RESULT, AGRIBUSINESS, WHICH HISTORICALLY ACCOUNTED FOR 15 PERCENT OF EMPLOYMENT, NOW EMPLOYS NEARLY 30 PERCENT OF THE WORKING POPULATION. (GOI PAYMENT OF THE \$87.45 MILLION FOR APPROXIMATELY 3,000 INDIVIDUAL INDUSTRIAL COMPENSATION CLAIMS IN FALLUJAH WOULD GO FAR IN CORRECTING THIS IMBALANCE.)
CROCKER